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Ecofin Sustainable and Social Impact Term Fund **(TEAF)**

As of September 30, 2023

Investment strategy

TEAF seeks to provide a high level of total return with an emphasis on current distributions. TEAF provides investors access to a combination of public and direct investments in essential assets that are making an impact on clients and communities.

Fund performance

TEAF's NAV return for the quarter was -3.33% and market return was -1.93%. This compares to global infrastructure (measured by S&P Global Infrastructure Index) which returned -7.50%.

The fund's negative return was primarily driven by listed sustainable infrastructure investments which were down 12% for the period. As highlighted below, this weakness was primarily driven by higher interest rates and geopolitical factors. Still, company fundamentals at the earnings before interest and taxes (EBIT) level remain robust and power purchase agreement (PPA) prices have been increasing to reflect higher capex and financing costs. We remain positive on the sector long term as effects of the Inflation Reduction Act (IRA) come in to play electrification trends and their outlook remaining strong. Energy infrastructure equities had a strong quarter with higher energy commodity prices. Stronger fundamentals are driving significant free cash flow generation for the sector, which we expect to be returned to investors in the form of debt pay down, dividends and share buybacks in the coming quarters and years.

Most of our private investments have performed in-line with our expectations during the period. Our social infrastructure sleeve completed two investments during the period, and we continue to see momentum in our deal backlog to increase our allocation to senior living, waste transition, and education projects in the near-term. The portfolio of operating solar assets has had mixed performance with some assets suffering from age related and interconnection issues which are all being worked on to reenergize. Other private sustainable assets continued to perform well and as expected during the quarter.

We continue to progress on transitioning the portfolio to the targeted allocation of 60% direct investments. As of September 30, 2023, TEAF's total direct investment commitments were approximately $126 million or approximately 55% of the portfolio.

Please see below for more detail.

Listed Sustainable Infrastructure

With interest rates continuing to move higher, sometimes very quickly, listed sustainable infrastructure underperformed during the quarter. The utilities component of global infrastructure was weakest, particularly in the U.S. where valuations for long duration renewables were cut sharply as yields rose.

July was relatively calm and portfolio companies delivered another strong set of results. We had anticipated good earnings follow-through given normalizing but still elevated power prices, expanding retail margins for integrated utilities, and strong trading and generation, and were pleased to see additional 2023 guidance upgrades, especially in Europe. Softer European gas prices and weaker U.S. wind resources dampened sentiment, and cyclicals continued to outperform 'steady eddy' defensives such as utilities, especially those which need to borrow (or refinance) to grow rather than relying on internally generated cash flows.

August and September then proved extremely challenging. The 50 basis points (bps) increase in longer term bond yields from mid-July to mid-August (to a 2023 high on the 10-year US treasury bond), coupled with the implication of Hawaiian

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Electric (not held) in Maui's devastating wildfire, placed more severe pressure on renewables (higher interest rates reduce the present value of growth and, for some developers, re-orders the amount of equity they may require) and utility share prices, above all in the US. Orsted (not held) warnings about supply chain pressures and the lack of inflation indexation in the US (unlike in Europe) causing impairment on U.S offshore wind projects hit its share price hard and brought fears of read-across to others (EDP, Iberdrola, RWE).

A steepening of yield curves (with a further 50 bps lurch higher in longer term bond yields) accelerated in late September at the same time as NextEra Energy Partners (NEP) shocked the market by significantly slowing its growth ambitions and halving its target dividend growth rate from 12% to 15% to 5% to 8% p.a. over the next few years to eliminate the need to raise equity and reduce the need for debt. This set off a very sharp slide in its own shares and those of its parent NextEra Energy (NextEra), well beyond the direct mechanical impact, and is still reverberating around the sector. Market expectations continue to be reset while interest rates continue to rise and yield curves steepen. Meaning, higher and higher costs of capital reduce these companies' ability to grow while also lowering the present value of their long-term stable streams of cash flows from existing projects. We may have to see stabilizing rates for a sign of relief.

We still consider the energy transition is intact and that renewables growth at a reasonable rate of return will be available. Company fundamentals at the EBIT level remain robust: PPA prices have been increasing to reflect higher capex and financing costs, and electrification trends and their outlook remain strong with key drivers such as increasing renewables penetration, manufacturing re-shoring, and energy efficiency driving investment. Additionally, we do see buying opportunities within the listed sustainable infrastructure space, given the much lower share prices and valuations, but we are sticking to a selective approach and are eager to limit our dependence on external factors such as interest rates. We will continue to look to identify high quality companies with growth prospects, taking advantage of the diversity in the sustainable infrastructure investment universe, and strive to keep a balance in the portfolio in terms of risk (beta) profiles.

Listed Energy Infrastructure

TEAF's listed energy infrastructure delivered another strong quarter in Q3 and outperformed the S&P 500 Index. The space moved higher with the continuation of dividend growth, debt reduction and share repurchases. Mergers and acquisitions (M&A) activity remained elevated in Q3. Oneok closed their acquisition of Magellan which has created one of the largest pro-forma energy infrastructure entities. Additionally, Energy Transfer announced a deal to acquire Crestwood and Enbridge announced a $14 billion deal to acquire Dominion's U.S. gas utilities. The ramifications of these transactions are wide-ranging, as exemplified through the diversion of market cap between MLPs and C-Corps that continues to widen through simplifications and consolidations of MLPs. Overall, we maintain a positive outlook for energy driven by favorable fundamentals and a focus on capital returns to equity owners.

Social Infrastructure

TEAF closed two debt investments during the quarter.

- In September, the last of three scheduled investments was completed in a new charter school in Boiling Springs, South Carolina, a suburb 15 minutes outside of Spartanburg. The school opened with temporary modulars classrooms on the site next door in the fall of 2023, serving 600 children in grades K-6. The school will move next door to its permanent facility in the following school year serving the same grades, eventually expanding to its full capacity of 900 students in grades K-8 by the 2026 to 2027 school year. There are no other charter schools within five miles of the school's site, and the district schools are at or near capacity in this growing area. This will be is the third school in South Carolina for this successful operator and developer partnering together. The investment is being used for senior secured bond financing which will allows the school to continue constructing and equipping a new 65,000 square foot school.

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- The second debt investment of this period also occurred in September to an existing charter school in Belton, South Carolina, that has been operating since 2018 in a temporary location while it seeks its permanent home. The school offers a classical education curriculum to an underserved population, with great success--as it was recognized as the top academic Title 1 school in the state of South Carolina. The school currently serves approximately 250 students in grades K-6 and will expand to serve K-8 while increasing enrollment over the next 4 years to reach nearly 700 students enrolled. The investment is being used to continue construction and equipping of the building. This was the second of three scheduled investments.

Private Energy Infrastructure

TEAF did not invest in any additional private sustainable infrastructure projects during the period. The preferred equity investment in One Energy Enterprises, Inc. is performing as expected, as the company is executing on its growth initiatives and moving closer to its IPO/deSPAC transaction. TEAF's investment in EF WWW Holdings, LLC, the debt funding of World Water Works Holdings, Inc., continues to timely pay its annualized interest rate of 10.5% and report strong credit covenants. The company has exceeded its operating budget in every year since the investment, driven by strong backlog and revenue growth.

For TEAFs solar asset, Saturn Solar Bermuda 1, Ltd., the construction note continues to pay its annualized interest rate of 10% on time. The payments are supported by cash flow of the now operational solar project since the project completed construction and began full operations in November 2021. The note has remained in place as the owner of the solar facility is seeking to sell the solar project to a new long-term owner/operator.

Energy production at various operating distributed generation ("DG") solar assets in the Renewable Holdco I, LLC portfolio have underperformed expectations, primarily caused by inverter issues and certain communications equipment failures inherent in the age of the assets and have required corrective maintenance attention. Five small rooftop projects in Puerto Rico within this portfolio are expected to be reenergized in October 2023 after experiencing downtime related to required corrective maintenance. Various third-party inspections and off taker approval are required for these to be reenergized. As such, Ecofin's internal asset management team is taking an active role in monitoring efforts to restore full energy production and returning the portfolio to stable cash flow generation. Energy production at the operating DG solar assets in the Renewable Holdco II, LLC portfolio continue to generate stable cash flow as expected.

The final solar project under construction, held in Renewable Holdco, LLC, continues to experience delays due to interconnection redesign, additional permitting and road construction caused by the utility and is expected to be ready for commissioning and commercial operation in first half 2024.

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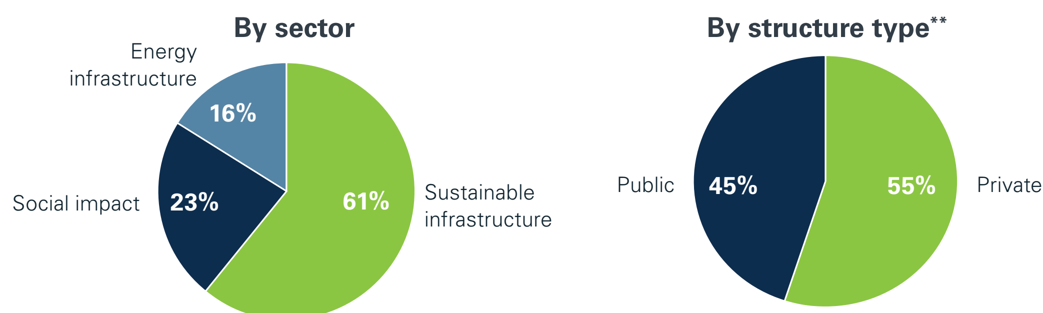
Portfolio allocation* as of 9/30/2023 (unaudited)



Due to rounding, totals may not equal 100%

*Percentages based on total investment portfolio
** 'Private' or 'Public' identifier made at time of investment; 'private' may include securities that are freely tradable but acquired in a private investment in public equity (PIPE) transaction

Performance[1] as of 9/30/2023

	QTD	Calendar YTD	1 year	3 year	Since inception[2]
Market price total return	-1.93%	-0.67%	2.27%	12.20%	-3.70%
NAV total return	-3.33%	-2.44%	4.28%	6.60%	-0.34%

[1]Performance is annualized for periods longer than one year. Source: Bloomberg. Assumes reinvestment of distributions into security. Total return does not reflect brokerage commissions. [2]3/26/2019. ***Performance data quoted represents past performance; past performance does not guarantee future results. As with any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Due to market volatility, current performance may be lower or higher than the figures shown. For current performance information, visit www.ecofininvest.com.***

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TCA Advisors is the adviser to the Ecofin Sustainable and Social Impact Term Fund, and Ecofin Advisors Limited is the fund's sub-adviser. For additional information, please call 866-362-9331 or email info@tortoiseecofin.com.

All investments involve risk, including possible loss of principal. You should consider the investment objective, risk factors, fees and expenses of the fund carefully before investing. For this and other important information please refer to the fund's most recent prospectus and read it carefully before investing. Past performance is no guarantee of future results.

Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. Shares of closed-end funds frequently trade at a market price that is below their net asset value. Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market value.

The fund's ability to achieve its investment objective is directly related to the investment strategies of its adviser and sub-adviser. If expected results are not achieved, the value of the fund's investment could be diminished or even lost entirely, and it could underperform the market or other funds with similar investment objectives. The Investment Committee of the fund's advisor allocates and reallocates assets among the various asset classes and security types in which the fund may invest. Such allocation decisions could cause the fund's investments to be allocated to asset classes and security types that perform poorly or underperform other asset classes and security types or available investments. The fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the fund is more exposed to individual stock volatility than a diversified fund. The fund will have a limited period of existence and will dissolve 12 years from the effective date of the initial registration statement. Its investment policies are not designed to return to common shareholders their original net asset value or purchase price. Investing in specific sectors such as social infrastructure, sustainable infrastructure and energy infrastructure may involve greater risk and volatility than less concentrated investments. Risks include, but are not limited to, risks associated with commodity price volatility, supply and demand, reserve and depletion, operating, regulatory and environmental, renewable energy, gas, water, public infrastructure, and education. Equity securities may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions, and include the possibility of sudden or prolonged market declines. The fund invests in small and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility than larger companies. The tax benefits received by an investor investing in the fund differ from that of a direct investment in an MLP by an investor. The value of the fund's investment in an MLP will depend largely on the MLP's treatment as a partnership for U.S. federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation, reducing the amount of cash available for distribution to the fund, which could result in a reduction of the fund's value. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The fund invests in municipal-related securities. Litigation, legislation or other political events, local business or economic conditions or the bankruptcy of the issuer could have a significant effect on the ability of an issuer of municipal bonds to make payments of principal and/or interest. Changes related to taxation, legislation or the rights of municipal security holders can significantly affect municipal bonds. Investments may be subject to liquidity risk, adversely impacting the fund's ability to sell particular securities at advantageous prices or in a timely manner. Investments in non-U.S. issuers (including Canadian issuers) involve risks not ordinarily associated with investments in securities and instruments of U.S. issuers, including risks related to political, social and economic developments abroad, differences between U.S. and foreign regulatory and accounting requirements, tax risk and market practices, as well as fluctuations in foreign currencies. The fund also writes call options which may limit the fund's ability to profit from increases in the market value of a security, but cause it to retain the risk of loss should the price of the security decline. The fund may utilize leverage, which is a speculative technique that may adversely affect common shareholders if the return on investments acquired with borrowed fund or other leverage proceeds does not exceed the cost of the leverage, causing the fund to lose money. The fund may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks. Depending on the characteristics of the particular derivative, it could become illiquid.

The S&P 500® Index is an unmanaged, market-value weighted index of stocks that is widely regarded as the standard for measuring large-cap U.S. stock market performance. The S&P Global Infrastructure Index is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. To create diversified exposure, the index includes three distinct infrastructure clusters: energy, transportation, and utilities.

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